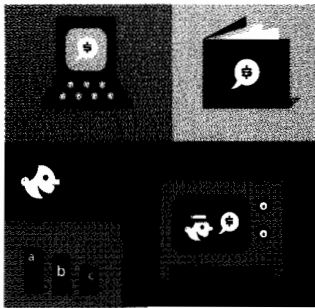




Health system's saviour?

Canada's healthcare system is facing a crisis — and as accountants, we can play a critical role. How? By helping to transform the industry's day-to-day business operations. You are likely already familiar with the essence of the healthcare problem. By 2020, almost 20% of the

population will be 65 or older. Predictions are that by 2027 in the US, seniors will make up 51% of hospital admissions and will take 59% of beds, and we can expect similar percentages in Canada. This will put even more stress on an already heavily challenged system.



At the same time, the healthcare system retains a staggering level of inefficiency in the processing of information, with nearly a third of medical spending going toward administrative functions. One estimate suggests only 20% of hospitals are fully utilizing electronic medical records, and more than 90% of the

billions of healthcare transactions in North America occur via paper. This includes payments, treatment approvals, prescriptions, test results and invoicing.

Clearly, the potential for improving healthcare operations through the use of technology is huge. Massachusetts' Institute for Healthcare Improvement suggests that costs could be cut 15% to 30% through aggressive IT strategies, and the Markle Foundation believes that some US\$125 billion could be saved by eliminating unnecessary paperwork in the US healthcare system.

The same type of opportunity exists within Canada, particularly in two main areas: healthcare supply chain transformation, and portals based on Web technology.

Supply chain transformation involves the streamlining of procurement and inventory management. Medical institutions can combine their purchasing power through common spend and contract spend analysis. The Internet's role is to provide the backbone for these transactions, as well as the pricing research capabilities as institutions put their spending under the microscope.

Healthcare facilities can also integrate inventory

management systems with the Internet, so when drugs are dispensed, the record is entered directly in patient billing and inventory systems. Once a minimum inventory limit is reached, an automatic order is sent online to the supplier, with replenishment the next day.

The other area of opportunity involves the use of Internet technology for health industry information systems. It could provide internal access to staff directories, procedures, schedules and regulatory compliance filing.

What's the accounting hook? We're the experts at dealing with large-scale transaction systems, and supply chain efforts will call for critical insight with system design, implementation and management, as well as building the business case for an investment in such efforts.

When it comes to internal healthcare portals, CAs can also play a lead role. Rob Sykes, a Calgary-based CA and CEO of Clarity Inc., a system integration firm, is a good example. His company has developed a content management solution that allows healthcare institutions to create content once and reuse it across multiple sites and among partners. Several hospitals already use Clarity's Web-based technology to provide a common medical protocol database for access by all doctors, as well as Web-based access to schedules, patient information and other data.

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IT SOLUTIONS FOR HEALTHCARE

Clarity www.clarity.ca

Logistics Quarterly article on optimizing supply chain performance
www.lq.ca/issues/fall2002/articles/article01.html

Ontario government's OntarioBuys initiative
www.gov.on.ca/FIN/english/scm/peeng.htm

Computerworld article, "Health Care's Major Illness"
www.computerworld.com/softwaretopics/erp/story/0,10801,92953,00.html